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CENTRAL INTELLIGENCE GROUP INTELLIGENCE REPORT

COUNTRY Germany (Russian Zone)

CONFIDENTIAL DATE:

SUBJECT German Central Administration for Foreign and Interzonal Trade

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 SUPPLEMENT

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STATE	WAR	NAVY	JUSTICE

1. The SMA has ordered that the proposed charter of the German Central Administration for Foreign and Interzonal Trade be altered and new proposals be submitted to the SMA on 10 July 1947. The SMA objected that the powers of the new Administration were not sufficiently comprehensive. The directives received from Colonel Michin and Herr Malenthin show that it is the intention of the SMA to give the new Administration a monopoly position in the field of foreign and interzonal trade.
2. Until now, the Foreign Trade departments of the Central Administration which are attached to the various provincial governments have been under the disciplinary direction of the Minister-Presidents. In the future President Orlopp will alone be responsible for discipline.
3. The provincial governments will also have no veto right under the revised charter and will have to carry out the instructions of the German Central Administration for Foreign and Interzonal Trade insofar as they concern purely German foreign trade, foreign trade agreements carried out by the SMA, interzonal trade, and all financial transactions with foreign countries.
4. The new office will be subordinate to the SMA, as are the other Central Administrations, but a special council has been set up by the SMA for the new Administration. It is composed of:
 - a. General Rudenko
 - b. Major Nossov of the Economic Planning Section. He has been attached to Rudenko as a specialist in foreign trade affairs.
 - c. Malenthin, head of the Finance Branch. In the future he will accept full responsibility for all transactions with foreign countries. In July 1947 negotiations were being conducted with him concerning the establishment of an information department for the new Central Administration.
 - d. Colonel Michin will be head of the Executive Department for foreign trade.
 - e. General Olesnowicz, head of the Motor Transport Branch, who will countersign General Rudenko's directives.

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f. Kotikov, who, as Commandant of Berlin, will be a voting member of this board.

5. Colonel Michin's previous position of dominance over the new Administration appeared in July to have been altered by the increasing influence of the officers of the Economic Planning Section of the SIA: Nossow, Bassov, Ivanov, and Merkin. Liaison with Colonel Michin will be maintained by means of a small German office in his house at Stuhlinstrasse 1. The employees of this office will be provided by the Central Administration for Trade and Supply and will be checked by the SED and the LVD before appointment. [redacted] either Handke or Skrypczynski will head the liaison staff.

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6. The President of the German Central Administration for Foreign and Interzonal Trade, Orlopp, was nominated for this position by Wilhelm Pieck. Pieck has already begun to supply the new Central Administration with a staff. His secretary, Fraulein Handlos, for instance, has begun work in the new office. Pieck, or one of his deputies, is present at all meetings called to discuss the Administration.

7. The SED has also procured the appointment of a Fraulein Dr. (Econ.) Kaergel to a certain position in the Administration. Until recently, Dr. Kaergel is said to have worked for OMGUS. [redacted]

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[redacted] Comment: Dr. Kaergel is possibly the Johanna Kaergel who worked as secretary in the Abwehr's KO Bulgarien in 1942-1943 and later joined Leverkuehn's espionage office in Istanbul.) [redacted]

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